



North Dakota Legislative Council

Prepared by the Legislative Council staff
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OIL AND GAS TAX REVENUES QUARTERLY UPDATE SUMMARY

This memorandum provides a summary of oil production and prices, oil and gas tax revenue collections, and oil and gas tax revenue allocations, including comparisons to forecasted amounts, projections for the biennium, and comparisons to the prior biennium. **The forecasted amounts reflect the 2019 legislative revenue forecast**, prepared at the close of the 2019 legislative session.

QUARTERLY SUMMARY Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for September 2019 through November 2019. Oil and gas tax revenue collections and allocations reflect production and prices from 2 months prior. The amounts shown for the actual oil prices reflect the average of Flint Hills Resources posted prices and West Texas Intermediate posted prices.

Average Daily Oil Production - Barrels Per Day			
	September 2019	October 2019	November 2019
Actual	1,443,980	1,517,936	1,515,404
Forecast	1,400,000	1,400,000	1,400,000
Variance to forecast	43,980	117,936	115,404
Percentage variance to forecast	3.1%	8.4%	8.2%

Average Oil Price - Price Per Barrel			
	September 2019	October 2019	November 2019
Actual	\$51.88	\$47.94	\$51.60
Forecast	48.50	48.50	48.50
Variance to forecast	\$3.38	(\$0.56)	\$3.10
Percentage variance to forecast	7.0%	(1.2%)	6.4%

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for November 2019 through January 2020.

	November 2019	December 2019	January 2020
Actual	\$200,753,310	\$206,046,694	\$213,188,899
Forecast	197,589,000	204,175,300	197,589,000
Variance to forecast	\$3,164,310	\$1,871,394	\$15,599,899
Percentage variance to forecast	1.6%	0.9%	7.9%

Oil and Gas Tax Revenue Allocations

The schedule below provides information on the oil and gas tax revenue allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, state funds, and political subdivisions for November 2019 through January 2020.

	November 2019	December 2019	January 2020
Three Affiliated Tribes	\$20,880,511	\$24,019,763	\$23,443,959
Legacy fund	53,961,840	54,608,078	56,923,482
North Dakota outdoor heritage fund	1,354,477	1,359,736	1,413,573
Abandoned well reclamation fund	677,238	679,868	706,787
Political subdivisions	28,240,544	28,873,165	29,112,923
Common schools trust fund	8,461,369	8,490,410	8,953,991
Foundation aid stabilization fund	8,461,369	8,490,410	8,953,991
Resources trust fund	17,345,806	17,405,340	18,355,681
Oil and gas research fund	1,227,403	1,242,398	1,306,490
State energy research center fund	613,701	621,199	653,245
General fund	21,207,567	0	0
Tax relief fund	38,321,485	60,256,327	63,364,777
Budget stabilization fund	0	0	0
Lignite research fund	0	0	0
State disaster relief fund	0	0	0
Municipal infrastructure fund	0	0	0
Strategic investment and improvements fund	0	0	0
County and township infrastructure fund	0	0	0
Airport infrastructure fund	0	0	0
Total	\$200,753,310	\$206,046,694	\$213,188,899

Distributions to Political Subdivisions

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for November 2019 through January 2020. Distributions to political subdivisions pursuant to the new formula in House Bill No. 1066 (2019) became effective with July 2019 oil production and September 2019 distributions. However, this memorandum reports the distributions to political subdivisions for the period August 2019 to July 2021 to align with the reporting for the allocations to state funds.

	November 2019	December 2019	January 2020
Hub cities in oil-producing counties	\$4,086,806	\$4,142,955	\$4,160,352
Hub city school districts	750,772	763,249	767,115
Counties	15,245,285	15,623,544	15,760,430
Cities (excluding hub cities)	5,106,442	5,232,966	5,280,918
School districts (excluding hub city school districts)	2,049,695	2,083,951	2,109,876
Townships	1,001,544	1,026,500	1,034,232
Total	\$28,240,544	\$28,873,165	\$29,112,923

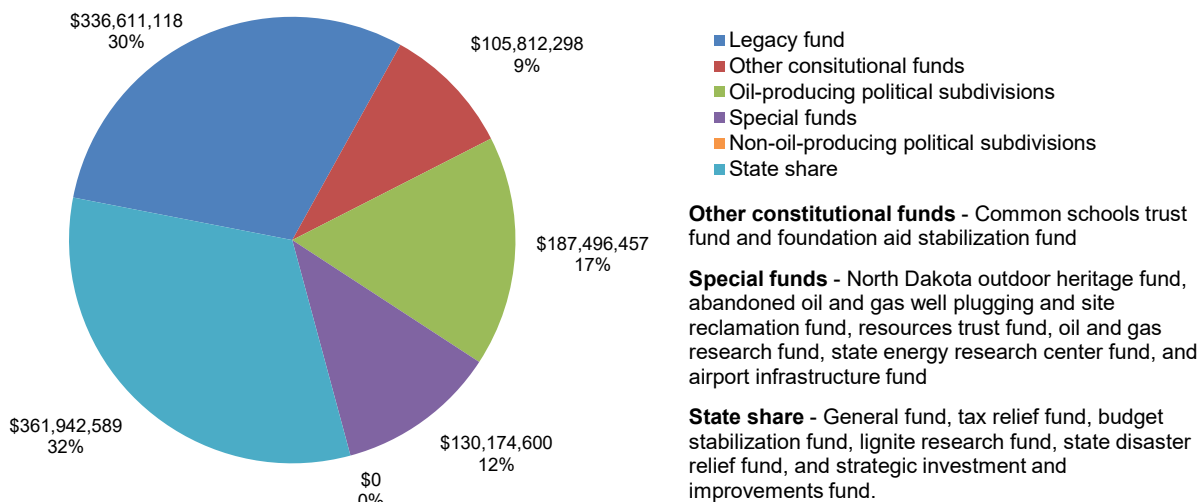
CURRENT BIENNIUM COMPARISON TO FORECAST

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue allocations for the biennium to date through January 2020.

	Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Three Affiliated Tribes	\$133,501,069	\$130,465,284	\$3,035,785	2.3%
Legacy fund	336,611,118	322,448,289	14,162,829	4.4%
North Dakota outdoor heritage fund	7,015,266	6,564,661	450,605	6.9%
Abandoned well reclamation fund	3,507,633	3,282,329	225,304	6.9%
Political subdivisions	187,496,457	178,546,734	8,949,723	5.0%
Common schools trust fund	52,906,149	52,991,610	(85,461)	(0.2%)
Foundation aid stabilization fund	52,906,149	52,991,610	(85,461)	(0.2%)
Resources trust fund	108,457,602	108,632,796	(175,194)	(0.2%)
Oil and gas research fund	7,462,733	6,987,392	475,341	6.8%
State energy research center fund	3,731,366	3,493,697	237,669	6.8%
General fund	200,000,000	200,000,000	0	0.0%
Tax relief fund	161,942,589	138,888,498	23,054,091	16.6%
Budget stabilization fund	0	0	0	N/A
Lignite research fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Municipal infrastructure fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
County and township infrastructure fund	0	0	0	N/A
Airport infrastructure fund	0	0	0	N/A
Total	\$1,255,538,131	\$1,205,292,900	\$50,245,231	4.2%

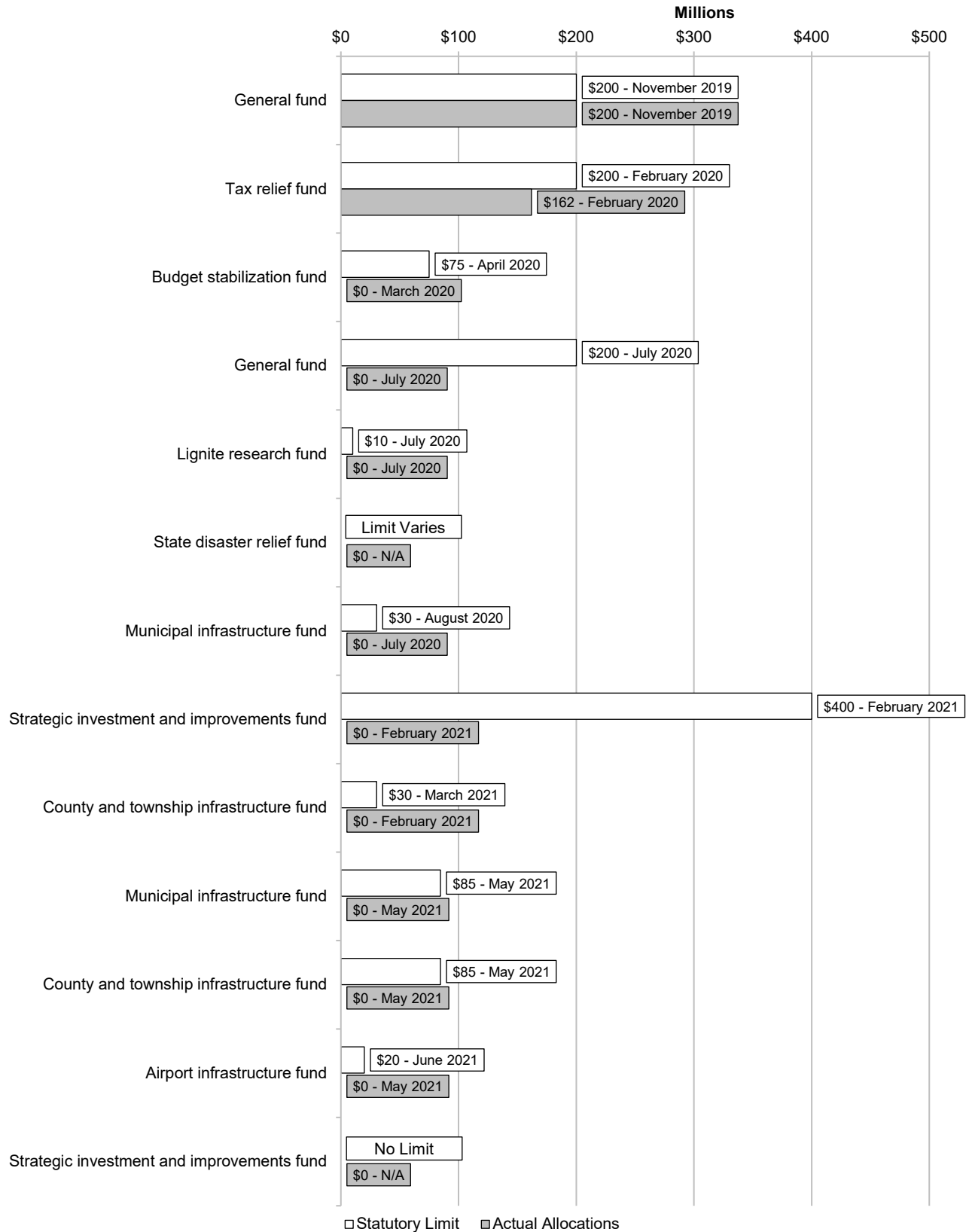
OIL AND GAS TAX REVENUE ALLOCATIONS

The chart below provides information on the oil and gas tax revenue allocations, excluding the allocations to the Three Affiliated Tribes of the Fort Berthold Reservation, for the biennium to date through January 2020.



STATE'S SHARE - FUND STATUS

The chart below provides information on the status of the state's share of allocations ("buckets") for the biennium to date through January 2020. The dates in the white boxes reflect when the funds are estimated to reach the statutory limit based on the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session. The dates shown in the gray boxes reflect when the funds reached the statutory limit or when the funds are anticipated to reach the statutory limit as adjusted for the actual allocations for the biennium to date.



CURRENT BIENNIUM PROJECTIONS

The schedule below provides information on actual oil tax revenue allocations for the biennium to date through January 2020 and forecasted amounts for the remainder of the biennium. The amount shown for the original forecast reflects the 2019 legislative revenue forecast, prepared at the close of the 2019 legislative session.

2019-21 Biennium Actual Allocations and Remaining Forecast				
	Actual Through	Remaining	Biennium	Original
	January 2020	Forecast	Total	Forecast
Three Affiliated Tribes	\$133,501,069	\$394,645,471	\$528,146,540	\$525,110,755
Legacy fund	336,611,118	975,376,425	1,311,987,543	1,297,824,714
North Dakota outdoor heritage fund	7,015,266	7,984,734	15,000,000	15,000,000
Abandoned well reclamation fund	3,507,633	11,308,301	14,815,934	14,815,934
Political subdivisions	187,496,457	482,603,206	670,099,663	661,149,940
Common schools trust fund	52,906,149	160,294,747	213,200,896	213,286,357
Foundation aid stabilization fund	52,906,149	160,294,747	213,200,896	213,286,357
Resources trust fund	108,457,602	328,604,222	437,061,824	437,237,018
Oil and gas research fund	7,462,733	8,537,267	16,000,000	16,000,000
State energy research center fund	3,731,366	1,268,634	5,000,000	5,000,000
General fund	200,000,000	200,000,000	400,000,000	400,000,000
Tax relief fund	161,942,589	38,057,411	200,000,000	200,000,000
Budget stabilization fund	0	75,000,000	75,000,000	75,000,000
Lignite research fund	0	10,000,000	10,000,000	10,000,000
State disaster relief fund	0	0	0	0
Municipal infrastructure fund	0	115,000,000	115,000,000	115,000,000
Strategic investment and improvements fund	0	541,925,035	541,925,035	517,482,025
County and township infrastructure fund	0	115,000,000	115,000,000	115,000,000
Airport infrastructure fund	0	20,000,000	20,000,000	20,000,000
Total	\$1,255,538,131	\$3,645,900,200	\$4,901,438,331	\$4,851,193,100

CURRENT BIENNIUM TO PRIOR BIENNIUM COMPARISON

Oil Production and Prices

The schedules below provide information on actual and forecasted oil production and prices for the first 6 months of the 2019-21 biennium and 2017-19 biennium. Oil and gas tax revenue collections and allocations reflect oil production and prices from 2 months prior.

Average Daily Oil Production - Barrels Per Day				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through November 2019	Through November 2017	Amount	Percentage
Actual	1,471,493	1,106,293	365,200	33.0%
Forecast	1,400,000	925,000	475,000	51.4%
Variance to forecast	71,493	181,293	(109,800)	(60.6%)
Percentage variance to forecast	5.1%	19.6%		

Average Oil Price - Price Per Barrel				
	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through November 2019	Through November 2017	Amount	Percentage
Actual	\$50.36	\$44.95	\$5.41	12.0%
Forecast	49.00	47.00	2.00	4.3%
Variance to forecast	\$1.36	(\$2.05)	\$3.41	166.3%
Percentage variance to forecast	2.8%	(4.4%)		

Oil and Gas Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil and gas tax revenue collections for the first 6 months of the 2019-21 biennium and 2017-19 biennium.

	2019-21 Biennium	2017-19 Biennium	Increase (Decrease)	
	Through January 2020	Through January 2018	Amount	Percentage
Actual	\$1,255,538,131	\$851,675,493	\$403,862,638	47.4%
Forecast	1,205,292,900	771,724,725	433,568,175	56.2%
Variance to forecast	\$50,245,231	\$79,950,768	(\$29,705,537)	(37.2%)
Percentage variance to forecast	4.2%	10.4%		